In Chhattisgarh, a River Becomes Private Property

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The Chhattisgarh government handed over a stretch of the Sheonath river to a private company to manage water distribution without setting up independent regulatory authorities that could establish guidelines under which a private firm could manage a common resource. A long lease without a regulatory mechanism can lead to unforeseen circumstances.

Sheonath river flows through Borai in Durg district, Chhattisgarh. This case is about the handing over of a stretch of the river near Borai to a private firm for supplying water to the region lying between two district headquarters — Durg and Rajnandgaon. Borai is a newly developed industrial hub, promoted by the Chhattisgarh State Industrial Development Corporation (CSIDC). It is 45 km from the Raipur airport; on the National Highway six and the main Mumbai–Howrah railway line. The region is rich in natural minerals and at a reasonable distance from Bhilai (10 km); surplus power is available at a reasonable cost. Surrounding the Borai region is a cluster of villages that have traditionally used the river water for irrigation and fishing.

Whose River Is It Anyway?

Sheonath river, a semi-perennial tributary of the Mahanadi has been contracted to Radius Water, a division of Kailash Engineering, for a period of 22 years. Radius Water is based in Rajnandgaon near Borai and has been managing the water distribution from the river. The Build–Own–Operate–Transfer (BOOT) project was commissioned in 2001 by the Chhattisgarh government. Actually, the Madhya Pradesh Industrial Development Corporation initiated the project in 1998 before the birth of the new state. Under the scheme, water from the river was supplied to the industries in bulk as part of an agreement with the CSIDC. Most of the industries located here

are water intensive by nature — distilleries, sponge iron units and thermal power plants — and CSIDC is trying to make it the hub for all water-based industries. Radius is not only responsible for supplying water, but also for operating a common effluent treatment plant (CETP).

Radius Water built a 4m high dam through a technique called the Flood Regulating Barrier System along a 3.5km stretch of the Sheonath river at a cost of ₹4 crore. The total cost for the project is ₹9 crore for 30 million litres per day (mld). At present, it has a supplying capacity of 6 mld, but the CSIDC is buying only 4 mld now due to lack of demand though new industries are coming up in the area and the scenario is likely to change. The cost of water is ₹6.60 for 1,000 litres of water. For CETP, the price has been fixed at ₹3.60/m^3. The project is feasible for 180 mld capacity through an investment of ₹156.70 crore, excluding the cost of CETP; CSIDC is the regulating authority for the project. One of the clauses in the agreement was that the villages downstream would get water free of cost; the clause also mentions that "under any circumstances, the industry will be provided 30 mld of water". The water is stored in the reservoir and has the capacity for a 180 mld supply.

The conflict did not start immediately. Initially, the locals were not aware that a private firm managed the new barrage that had sprung up across the river. No prior information was provided about this contract. After a few months, however, Radius Water informed the local fishermen that they were no longer permitted to fish in the 200m zone from the barrage (on both sides) for "safety reasons". There were a few skirmishes and employees of Radius Water allegedly destroyed some of the fishermen's nets. The latter complained that their catch had dwindled after the construction of the barrage. Farmers who owned land near the river were also barred from lifting water from the river with motor pumps. This ban had the endorsement of the district administration, which also banned the installation of tubewells. CSIDC enforced this rule within the Borai industrial area too. People from downstream villages started complaining that the groundwater table had plummeted. Many villagers from Pipalcheda, one of the surrounding hamlets, insisted that the water level in their wells had plunged since the construction of the barrage. Other complaints had to do with the company not adhering to the terms and conditions of the contract. According to the written agreement the project cost and maintenance was the responsibility of Radius Water. However, the construction was not completed on time because the company did not have sufficient funds. A decision was taken to the effect that of the total cost of ₹9 crore, ₹6.5 crore would be loaned to the firm and the remaining ₹2.5 crore would be in form of equity.

Ironically this hush-hush business about a private firm managing a stretch of the river came into the limelight when the media covered a publicity event organised by

Radius Water to showcase their project. With the murmur of complaints rising, many activists and members of the public launched a campaign against the project highlighting the fact that by handing over the river to a private firm the state government had privatised the river. When the news spread across the country the resultant media glare and activism forced the state government to look afresh at the deal. A huge rally took place on November 1, 2003 under the banner of the Sheonath Nadi Mukti Andolan — members of the youth federation went to 50 villages to conduct awareness campaigns. The pressured government ultimately decided to scrap the deal with Radius Water but according to reports, despite the supposed termination of the contract the private firm continues to manage the barrage and supply water to the industries. Since the water was meant for bigger factories than the current customers, the pressure on the river has not been felt as yet — HEG remains the main consumer with a 1 mld demand and the river has been flowing at its normal pace. The government is also moving slowly because they will have to deal with a loss of revenue if the contract order is altered.

Questioning Privatisation

The protesters have been questioning the very concept of the privatisation of the river. They wonder how the industries department signed a contract for a river that legally falls in the purview of the irrigation department. The conflict — one of profit to industry versus livelihoods for the community — is as old as time. Activists and lawyers argue that the deal violates the Madhya Pradesh Irrigation Act of 1931 and the National Water Policy, which prioritises agriculture over industries. Natural resources cannot be signed over to individuals without taking all the stakeholders into confidence.

Radius Water on the other hand insists that the upcoming industries at Borai will boost the state's economy and that they were merely ensuring that water was supplied to them at a low price. According to them the industrial water tariff in Borai is the lowest in the country. The comparative rates are: Mumbai — ₹50/m^3, and in Nagpur, Boregaon and Dewas — ₹16/m^3 as against ₹6.60/m^3 in Borai. The company also argues that the construction of the barrage has helped the water table rise by 8m in upstream villages, which is sure to help the farmers. With the threat of cancellation of the contract looming large, Radius Water has been saying that they will withdraw if a compensation of ₹400 crore is paid to them since the agreement is valid for another 20 years; they have been threatening legal action.

Where Do We Go from Here?

This is an interesting case that has actually thrown open the debate about the rights of communities versus the rising demand from industry. Governments have to ensure a balancing act that leaves both sides satisfied. It will not be correct to name Radius Water as perpetrators — like any private firm they seized on an opportunity to make profit. The main agency responsible for creating friction is the government which went about the deal in a cloak and dagger fashion. By not respecting the National Water Policy and the Irrigation Act, they violated laws and are liable to be taken to court. The contract was signed without setting up regulatory independent authorities that could establish guidelines under which a private firm could manage a common resource. In this case, the conflict cannot be resolved by dialogue between stakeholders, or by providing compensation to farmers and fishermen; a long lease without a regulatory mechanisms can lead to unforeseen consequences. The contract will set a bad precedence and has to be cancelled for justice to prevail. The affected parties should be properly compensated.

The conflict goes to show that perhaps the country needs innovative guidelines if it is to keep up with the growing demand for water across all sectors. It highlights the need for adequate guidelines and regulatory mechanisms. A dialogue that involves all parties has to be initiated to resolve the larger problem and the media could play a key role in bringing the players together: the local people who use the rivers, lakes and groundwater, industry, and other experts, governments and politicians. This can lead to a better understanding of their requirements and constraints; it will allow the government to build a consensus and draw up a proper framework for a just distribution of water.